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C O N F I D E N T I A L SECTION 01 OF 04 LA PAZ 001213

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SUBJECT: SCENESETTER FOR DAS COULTER

REF: A. LA PAZ 769
[1](#)B. LA PAZ 1032
[1](#)C. LA PAZ 1083

Classified By: Ecopol Counselor Andrew Erickson for reasons 1.4 (b) and (d).

SUMMARY

[1](#)1. (SBU) Embassy La Paz warmly welcomes Political-Military Affairs Deputy Assistant Secretary Michael Coulter to Bolivia May 8-10. Your visit comes at a critical juncture in Bolivian-American relations, with the GOB still defining its role in Bolivia's "revolution." With indigenous coca leader Evo Morales well into his second year as president, Bolivians find themselves again facing the social unrest that has plagued their country since 2003, but which had subsided immediately after Morales took office. While we support Morales' stated goal of social inclusion, serious questions exist about his commitment to democracy and to the rule of law--our top priorities here-- particularly given his demonstrated impatience with compromise. Cuban and Venezuelan advice, interference, and assistance are an additional area of concern.

[1](#)2. (C) Summary continued: Morales brings long-held suspicions of the armed forces to the presidency. His attempts to find officers who were more supportive of his vision by skipping over several classes of military commanders for promotions left some officers disgruntled. Embassy La Paz's Milgroup continues to support the Bolivian armed forces via programs totaling approximately USD 7.5 million. We are monitoring the Bolivian military's cooperation with civilian authorities in legal cases involving human rights violations, and are encouraging the Armed Forces to cooperate and to update us on their progress for purposes of Andean Counterdrug Initiative (ACI) funding. Another concern has been securing a Status of Forces

Agreement (SOFA), or when that failed, renewing the exchange of diplomatic notes which provides protections to U.S. military personnel engaged in humanitarian activities in Bolivia, so that a July 2007 New Horizons exercise can move forward. Overall, your visit provides an opportunity to continue to strengthen mil-mil relations as an important pillar in the bilateral relationship, and to inquire about the defense minister's goals for his June visit to the United States as well as the GOB's commitment to peacekeeping operations. End summary.

BOLIVIA: BACKGROUND NOTES

13. (SBU) Landlocked Bolivia is the highest and most isolated of the Latin American republics. Once over 780,000 square miles, Bolivia lost large chunks of its land to Chile and Paraguay, leaving it with some 424,000 square miles, roughly three times the size of Nevada. Aymara indigenous groups dominate La Paz and the highlands; the Quechuas populate the cities of Sucre and Cochabamba and surrounding areas. The rich lowlands, known as the "half-moon" states, tend to be less influenced by indigenous cultures. The government recognizes 38 different indigenous groups and over 60 percent of Bolivians identify themselves as indigenous, making Bolivia the most indigenous country in Latin America. Bolivia is a country of contrast, with a small prosperous minority of its population immersed in modern business and technology and the overwhelming poor majority still mired in poverty and living relatively unchanged by progress.

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14. (SBU) Rapidly urbanizing Bolivia is the second poorest country in Latin America, with poverty afflicting two-thirds of its population. In 2005, its GDP was approximately USD 8.5 billion. Agriculture accounts for roughly 14.5 percent of Bolivia's GDP, and soybeans grown in eastern Bolivia are the major cash crop. Extraction of minerals and hydrocarbons make up an estimated 10 percent of GDP, with manufacturing accounting for another 12 percent. Lack of economic opportunities has fueled mass migration to Argentina, Brazil, Spain, and the United States, as well as rural-to-urban and western-to-eastern migration within the country.

SOCIAL UNREST

15. (SBU) With indigenous coca leader Evo Morales well into his second year as president, Bolivians find themselves again facing the social unrest that has plagued their country since 2003, but which had subsided immediately after Morales took office. The fourth president in as many years, Morales rose to power promising a "revolution" that would deliver a more inclusive society, a new constitution, nationalization of natural resources, and land reform. A sharp political strategist, Morales has delivered on some of his promises, and has maintained high popularity rates. However, Morales has had to come to terms with the difficulties of governing Bolivia. He has exacerbated the challenge by condoning street protests against those who oppose him. A cocalero ambush of Bolivian anti-drug forces in the Chapare, a mining clash in Huanuni, a 500,000-person strong demonstration in favor of regional autonomy in eastern Bolivia, January riots in Cochabamba, and a February 7 protest by miners in La Paz have presented Morales with serious challenges. Nonetheless, he remains the most popular president in Bolivia's recent history, and is on track to possibly become its longest-governing recent leader.

DEFENDING DEMOCRACY

¶6. (SBU) While we support Morales' stated goal of social inclusion, serious questions exist about his commitment to democracy and to the rule of law-- our top priorities here-- particularly given his demonstrated impatience with democratic rules and compromise. Bolivia convened a constitutional convention in August 2006, which to date has failed to make any progress, largely due to executive branch interference and Morales' opposition to Bolivian constitutional norms and traditions. In addition, Morales has packed the Supreme Court using recess appointments, instructed his party to pass a questionable land reform law and a military treaty with Venezuela in a late-night senate session November 28, and permitted violence against opposition hunger strikers, as well as the kidnapping of an opposition prefect. Most recently, the GOB is widely thought to have instigated the January protests in Cochabamba aimed at sacking an opposition prefect. (Despite GOB denials, evidence exists that the administration paid, transported and fed armed coccaleros who were bussed to Cochabamba to riot against an opposition-led local government). In addition to frequent public attacks on the opposition, Morales also has targeted Bolivia's prefects (governors), eastern Bolivia (because it seeks regional autonomy), the judiciary, and the press. Most recently, evidence suggests the GOB trucked in dynamite-wielding miners to attack the Constitutional Tribunal in Sucre to protest a decision the GOB and certain miners opposed.

ONE PLACE WHERE WE'RE NOT BIG BROTHER

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¶7. (SBU) Cuban and Venezuelan advice, interference, and assistance continue to be a serious growing concern. Cuban doctors and newly-inaugurated hospitals bring medical care to isolated communities. Venezuela has agreed to purchase Bolivian soy, has provided micro credit financing to small businesses, has donated tractors to Bolivian farmers, and has funded community radio stations to broadcast the GOB's messages. Most recently, the Venezuelan government has agreed to buy essentially all of Bolivia's tainted beef, otherwise quarantined by an outbreak of hoof-and-mouth disease, as well as its industrialized coca. These Venezuelan programs are popular with Bolivia's poor. Venezuela has also offered its military schools to Bolivian military officials. (Note: Because Venezuela is only funding the costs of the schools and not transportation/lodging, Bolivian officials will not likely be able to take advantage of this offer. End note.) On the other hand, middle class Bolivians resent Venezuela's growing presence and influence, and have balked at the Bolivian military singing the Venezuelan national anthem and depending on Venezuelan-donated helicopters to transport their president. Regionally, Bolivia has strengthened ties with Chile, but has alienated Brazil and Argentina at various points over the past year, largely because of its nationalistic but incoherent hydrocarbons policy.

MIL-MIL RELATIONSHIP

¶8. (C) Evo Morales brings long-held suspicions of the armed forces to the presidency, which were augmented by former President Rodriguez's administration's transfer of the GOB's stock of MANPADs to the United States for destruction in October 2005. Morales' administration is pursuing criminal charges against Rodriguez and others for the transfer, although the required congressional approval to move the case forward is pending. Likewise, the Embassy's decertification of the Bolivian military's counterterrorism (F-10) Unit caused another bump in the mil-to-mil relationship in March 2006, which was ultimately resolved via a joint custody arrangement for the unit's equipment. Attempting to find officers who

were likely to be more supportive of his vision, Morales skipped over three generations of military leadership in naming the current military commanders. In the aftermath of those promotions, many Armed Forces members believed they would be rewarded for toeing the GOB's line; instead, a year and a half later, some have become disgruntled.

¶9. (SBU) Embassy La Paz's Milgroup's top priorities are humanitarian assistance, modernization/ transformation, counter narcotics-terrorism, and peacekeeping operations, with programs totalling approximately USD 7.5 million. The Milgroup continues to support the Bolivian armed forces via Traditional Commander Activities (\$3.7m), Humanitarian Assistance Programs (\$2.1m), Section 1004-Counter Drug assistance (\$500k), Latin American Cooperation (\$34k), Counter Terrorism Fellowship Programs (\$50k), Center for Hemisphere Defense Studies (\$24k), Joint Chief of Staff Exercises (\$320k), and State Partnership Program (\$58k). Additionally, thanks to the release of IMET funding, the Milgroup will manage over \$800k in FY07 and \$188k in FY08 for training and the establishment of English language lab equipment.

¶10. (C) We continue to closely monitor the Bolivian military's cooperation with civilian authorities in legal cases involving alleged human rights violations. Several active NGO's have alleged that the Bolivian military has failed to cooperate with civilian authorities. We continue to urge the Armed Forces to cooperate and to update us on their progress for purposes of Andean Counterdrug Initiative

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(ACI) funding. Our military group continues to provide extensive training and support to the Bolivian Armed Forces on human rights.

¶11. (C) Another concern has been securing a Status of Forces Agreement (SOFA), or when that failed (reftels), renewing the exchange of diplomatic notes which has provided protections to U.S. military personnel engaged in humanitarian activities in Bolivia since 1997. We are currently waiting for instructions from Washington about how to proceed with negotiations, and with each passing day, risk a New Horizons exercise planned for July 2007, which will build a health center and a community center in flood-ravaged areas of eastern Bolivia, as well as refurbish three military bases.

¶12. (C) Positive signs of strong mil-to-mil relations include the following acts on the part of the Bolivian military: it provided office space in its joint staff and Army headquarters to American officers; it granted Milgroup personnel Bolivian military identification cards and vehicle passes; it has offered excellent access to senior leadership including the MOD, the CHOD and service commanders; it has provided unrestricted access to special operations units; it has actively participated in joint exercises, including human rights and training programs; and it has adopted U.S. military doctrine as its own.

COMMENT

¶16. (SBU) Increased mil-mil cooperation is an important pillar in the overall bilateral relationship, and your visit presents an opportunity to further our strategy of engagement with the GOB by strengthening mil-mil ties. During your visit, you should inquire about the MOD's goals for his June trip to Washington, share USG security goals, particularly regarding terrorism, and inquire about the GOB's intent to continue to support Peacekeeping Operations (PKOs) in Haiti and the Congo. In your external meetings, you should express our appreciation of the Bolivian Armed Forces' willingness to continue to foster an open relationship with us, as well as for their collaboration on CN issues. End comment.
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